ORCHID PARK SECONDARY SCHOOL
Preliminary Examination 2024

CANDIDATE NAME

CLASS | | INDEX NUMBER

PRINCIPLES OF ACCOUNTS **7087/01**

Paper 1 **16 August 2024**

Secondary 4 Express / 5 Normal (Academic) **1 hour**

Setter: Ms Poon Manyun **40 Marks**

READ THESE INSTRUCTIONS FIRST

Write your name, register number and class in the spaces at the top of this page.
Write in dark blue or black pen.
Do not use staples, paper clips, glue or correction fluid.
The use of an approved calculator is allowed.

Answer **all** questions.

The businesses described in this question paper are entirely fictitious.

The number of marks is given in brackets [ ] at the end of each question or part question.

For Examiner's Use	
Q1	/ 10
Q2	/ 8
Q3	/ 12
Q4	/ 10
Total	

This document consists of **11** printed pages.

[Turn over]

not recorded

1 Elizabeth sells clothes to May on credit. Elizabeth allows a trade discount of 10% on purchases above $800 and a 5% cash discount if payment is received within 10 days.

recorded

May owed Elizabeth $3 600 on 1 September 2023. The following transactions occurred during the month of September 2023.

Sep 4	May purchased clothes worth $1 000 from Elizabeth.
5	Elizabeth sold clothes at a price of $700 to May.
7	Elizabeth sent a credit note to May for goods previously purchased on 4 September with a list price of $200.
13	May settled the amount owing on 4 September by cheque.
25	Elizabeth received a cheque from May in full settlement of all outstanding amount.

T S C I

T S C I

REQUIRED

WE

(a) Prepare May's account in Elizabeth's book.

[7]

(b) Name a source document which reflects trade discounts given to credit customers.

____

____ [1]

(c) State and explain the accounting theory on the importance of source documents.

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____ [2]

[Total: 10]

2 (a) Explain what is meant by the liquidity of a business.

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____ [1]

(b) Give **one** reason why a profitable business may not always be liquid.

____

____

____

____ [1]

[Turn over

The following assets and liabilities were in Qti's business on 31 December 2021.

	$	
Cash at bank	2 560	Credit
Equipment	16 700	
Inventory	8 790	
Trade receivables	24 700	
Trade payables	15 900	
Mortgage loan	190 500	
Cash in hand	280	
Income received in advance	670	
Prepaid expenses	450	
Premises	200 000	

(c) Calculate the working capital.

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____ [2]

Qti and Ethan are competitors in the fashion industry. The following information is extracted from Qti's and Ethan's businesses as at 31 December 2022.

	Qti	Ethan
Current ratio	2.47	3.05
Quick ratio	1.25	0.97

The following information is also relevant.

- All purchases and sales are made on credit.
- Qti sells fast moving products and stocks up less inventory, whereas Ethan tends to buy goods in bulk in order to get discounted price.
- Qti has many suppliers to choose from whereas Ethan's business is dependent on a few major suppliers.

(d) Comment on the liquidity of the two businesses.

[4]

[Total: 8]

[Turn over

3 The details of Joshlynn's cash at bank account and bank statement for the month of May 2024 are as follows.

Cash at bank account

Date 2024	Particulars	Cheque Number	Debit $	Credit $	Balance $	
May 1	Balance b/d				1 870	Dr
3	Asher	59		~~800~~	1 070	Dr
6	Sales revenue		~~1 900~~	Cr 900	2 970	Dr
15	Chloe		~~290~~		3 260	Dr
17	Matthew	60	~~450~~		3 710	Dr
30	Utilities	61		720	2 990	Dr

Add Less

Bank Statement

Date 2024	Particulars	Withdrawal $	Deposit $	Balance $	
May 1	Balance b/d			~~2 220~~	Cr
2	Credit transfer: Rie		1 240	3 460	Cr
3	Cheque 58	~~350~~ last month's cheque		3 110	Cr
4	Cheque 59	~~800~~		2 310	Cr
6	Cash		~~1 000~~	3 310	Cr
15	Cheque 60		~~450~~	3 760	Cr
21	Cash		~~290~~	4 050	Cr
25	Rejected cheque	450		3 600	Cr
31	Interest		50	3 650	Cr

<u>Additional information:</u>

It was discovered that the accountant had incorrectly recorded the transaction on 6 May 2024.

REQUIRED

(a) Apart from bank reconciliation, name and explain **one** type of internal control over cash.

____

____ [2]

(b) State **one** reason that explains the difference between the ending balances in business cash at bank account and the bank statement.

____

____ [1]

(c) Update the cash at bank account as at 31 May 2024.

[6]

(d) Prepare the bank reconciliation statement as at 31 May 2024.

[3]

[Total: 12]

4 Harini is an owner of a business selling leather sandals. Her financial year ends on 30 June. On 1 July 2020, the balance in the capital account was $10 870.

During the year, the following transactions took place:

2020	
Oct 1	Harini took sandals valued at $450 from business as gifts for her friends.
Dec 25	Harini took $700 cash from the business bank account for use in the store.
2021	
Feb 8	Harini contributed her laptop worth $2 300 to the business.
May 3	A business cheque, $870, was issued to pay for Harini's personal insurance.

For the year ended 30 June 2021, the business made a loss of $360.

REQUIRED

(a) Prepare the journal entry to transfer drawings to capital account. Narrations are **not** required.

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____ [2]

(b) Explain how owner's equity changed for the year ended 30 June 2021.

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____ [2]

[Turn over

Jia Ni is a competitor of Harini. On 1 September 2022, Jia Ni obtained a bank loan of $40 000 at an interest rate of 6% per annum from ABS Bank which is to be paid equally over 8 years. The partial principal sum repayment and the interest payment are to be made every year, starting from 31 August 2023. The financial year ends on 31 December.

Interest expense account				
Date	Particulars	Debit (+)	Credit (-)	Balance
2022		$	$	$
Dec 31	Interest expense payable	800		800 Dr
Dec 31	Income summary		800	-
2023				
Jan 1	Interest expense payable (i)		800	800 Cr
Aug 31	Cash at bank (ii)	2 400		1 600 Dr
Dec 31	Interest expense payable	700		2 300 Dr
Dec 31	Income summary		2 300	-

(c) Interpret the entries on:

(i) 1 January 2023

____

____ [1]

(ii) 31 August 2023

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____ [1]

(d) Prepare an extract of the statement of financial position as at 31 December 2023.

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____ [3]

(e) Name the accounting theory applied when accounting for interest expense payable.

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____ [1]

[Total: 10]

End of Paper

1 The following trial balance was extracted from the books of Calista Pte Limited as at 30 June 2023.

	Debit $	Credit $
I Sales revenue		364 700 + 2400
E Sales returns	12 400	
E Cost of sales	185 000	
NCA Motor vehicles, at cost	160 000	
NCA Office equipment, at cost	96 000	
-NCA Accumulated depreciation – Motor vehicles		16 000 + 28 800
-NCA Accumulated depreciation – Office equipment		9 600 + 14 400
CL Cash at bank		4 800
CA Cash in hand	2 850	
CA Trade receivables	37 500 + 2400	
CL Trade payables		8 200
CL Dividends payable		7 500
CA Inventory	13 800 − 1800	
-CA Allowance for impairment of trade receivables		1 750 + 644
NCL 5% Bank loan		80 000
E Salaries and wages	16 300	
I Commission income		1 600
E Interest expense	2 500 + 500	
OE Retained earnings, 1 July 2022		28 400
OE Share capital, 50 000 ordinary shares		50 000
E Insurance expense	4 200 − 840	
E Rent expense	42 000	
	572 550	572 550

CA prepaid insurance exp 840

E ~~depreciation of~~ impairment loss on TR 644

E depreciation of office equipment 14 400

E depreciation of MV 28 800

E impairment loss on inventory 1800

CL dividend payable 7500

− OE dividend 7500

Additional information:

1 Insurance expense relates to a fifteen-month period from 1 July 2022 to 30 September 2023.
$\frac{4200}{15} \times 3 = 840$

2 An invoice of $2 400 issued to a credit customer was not recorded in the books.

3 Interest on the bank loan was outstanding. The bank loan was taken on 1 October 2022.
$\frac{9}{12} \times 5\% \times 80\,000 = 3000$
CL int exp payable 1500

4 A review of the trade receivables shows that 6% was likely to be uncollectible.

5 Depreciation is to be charged as follows:

S	W	A	Y
1750	X	+ 644	$6\% \times 39\,900 = 2394$

- Office equipment 15% per annum on cost
$15\% \times 96\,000 = 14\,400$
- Motor vehicles 20% per annum using the reducing balance method
$20\% \times (160\,000 - 16\,000) = 28\,800$

6 A fire broke out in the warehouse and destroyed inventory costing $1 800.

7 On 30 June 2023, the company declared a dividend of $0.15 per share. The dividend is to be paid on 30 September 2023.
$50\,000 \times 0.15 = 7500$

REQUIRED

(a) Prepare the statement of financial performance for the year ended 30 June 2023. [10]

(b) Prepare the statement of financial position as at 30 June 2023. [10]

[Total: 20]

2 Amelia owns a supermarket. The following information was extracted from Amelia's business for the year ended 31 December 2023.

	$
Net sales revenue	368 000
Gross profit	102 800
Other Income	22 400
Operating expenses	57 400
Equity, 1 January 2023	348 500
Equity, 31 December 2023	376 250

REQUIRED

(a) Calculate the following ratios. Show all workings and round off your answers to **two** decimal places.

(i) Mark-up on cost [1]

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(ii) Gross profit margin [1]

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(iii) Profit margin [2]

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(iv) Return on equity [2]

(b) Another competitor Chloe owns a similar supermarket and has a return on equity of 20.58% in 2023. Based on your answer in **(a)(iv)**, advise potential investors if they should invest in Amelia's or Chloe's supermarket. [2]

The following are taken from the businesses for the year ended 31 December 2023.

	Amelia	Chloe
Inventory turnover rate	16.42 times	14.28 times
Day sales in inventory	22.29 days	25.56 days

REQUIRED

(c) Comment on the efficiency of inventory management of the two businesses in

(d) Suggest **two** ways Chloe can improve on her efficiency of inventory management.

[Total:

3 **Store Best provides storage services. The business has a financial year ending on 31 July. The following information has been provided.**

	$
Balances as at 1 August 2022	
Advertising expenses payable	1 200
Rental income received in advance	5 600
During the year ended 31 July 2023	
Payment made for advertising	8 450
Rental income received	9 200

1. **The payments made for advertising included $1 850 meant for August 2023.**
2. **Rental income of $2 800 was yet to be received on 31 July 2023.**

REQUIRED

(a) Explain what is meant by: [1]

(i) Expense payable

[1]

(ii) Income received in advance

(b) Calculate the following for the year ended 31 July 2023. Show your workings clearly. [3]

(i) Advertising expense

(ii) Rental income [3]

(c) Name and explain the accounting theory applied by Store Best when adjusting for advertising expense and rental income. [2

(d) Store Best **did not** make the adjustment for the $1 850 advertising meant for August 2023. State the effect of this omission on the following:

(i) Profit for the year ended 31 July 2023. [1]

(ii) Current liabilities as at 31 July 2023. [1]

[Total: 12

4 Reane operates a business which trades in toaster ovens. The business buys all their toaster ovens on credit from Uni-Toast, a local supplier and uses the FIFO (First-In-First-Out) method of inventory valuation.

On 1 March 2024, Reane's business had an inventory of toaster ovens with a total cost of $5 500 (50 units at $110 each).

The following transactions took place in the month of March 2024.

2024	
Mar 3	Bought 20 units of toaster ovens from Uni-Toast at $100 each
Mar 8	Sold 50 Units of toasters ovens to Asher at $160 each.
Mar 12	Bought 70 units of toaster ovens from Uni-Toast at $115 each
Mar 17	Sold 20 units of toaster ovens to Victoria at $150 each
Mar 19	Returned 20 units of damaged toaster ovens to Uni-Toast

REQUIRED

(a) Using an appropriate accounting theory, explain how inventory should be valued. [2]

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____

(b) Calculate the cost of sales for the month of March 2024. [2]

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____

(c) Calculate the value of ending inventory as at 31 March 2024. [1]

____

On 8 April 2024, a fire broke out and damaged some units of toaster ovens that have a total cost of $600.

The damaged toasters can still be sold for $400 after an additional repair expense of $150 is incurred.

REQUIRE

(d) Prepare the journal entry to adjust the value of inventory. Narration is **not** required. [2]

Journal Entry			
Date	Particulars	Debit	Credit
		$	$

Reane would like to bring in another type of toaster oven which is gaining popularity in Japan as she believes that there will be demand for them in Singapore. She would want to keep her toaster ovens affordable for the low and medium income households.

The information of two suppliers who have expressed their interest to supply Reane's business with the new type of toaster oven made in Japan are as follows:

	Uni-Toast (Based in Singapore)	**Best Oven** (Based in Japan)
Price	List price of $140 per unit. 10% trade discount given for all purchases.	List price $125 per unit. 20% trade discount given for order 50 units and above.
Credit Terms	30-day credit term. 5% cash discount for payment within 7 days from invoice date.	60-day credit term. 3% cash discount for payment within 14 days from invoice date.
Delivery cost	No delivery cost is charged.	Shipping cost is charged at $100 per delivery.
Warranty period	1 year	3 years
Number of years in business	20 years	2 years
Return policy	All goods can be returned within 7 days and exchanged for new ones with no additional charges.	All goods can be returned within 30 days and exchanged for new ones with no additional charges.
Other information	Local seller with a physical warehouse. Average delivery period is 3 days from order confirmation date. Received positive feedback for its promptness in delivery and high quality products from customers on the supplier's Instagram.	Overseas seller whereby goods will be shipped from Japan. Average delivery period is 7 days from order confirmation date. Received a 5-star rating for its high quality products and excellent customer service on an online sales platform.

REQUIRED

(e) Recommend whether Reane should buy the new type of toaster oven from Uni-Toast or Best Oven. Justify your decision with **three** reasons. [7]

Answers – Orchid Park 2024 Prelims

Q1 (a).

Trade receivables – May (A)				
Date	Particulars	Dr (+)	Cr (-)	Balance
2023		$	$	$
Sep 1	Balance b/d			3 600 Dr [1]
4	Sales revenue (90% x 1000)	900 [1]		4 500 Dr
5	Sales revenue	700 [1]		5 200 Dr
7	Sales returns (90% x 200)		180 [1]	5 020 Dr
13	Cash at bank (95% x (900 – 180))		684 [1]	4 336 Dr
13	Discounts allowed (5% x (900 – 180))		36 [1]	4 300 Dr
25	Cash at bank		4 300 [1]	-

(b) Invoice [1]

(c) **Objectivity theory** [1] states that accounting information recorded must be supported by reliable and verifiable evidence so that financial statements will be free from opinions and biases [1].

Q2

(a).

- Liquidity means the ability of the business to repay its current liabilities when they fall due. [1] OR
- Liquidity measures how able a business is to convert current assets into cash to pay its current liabilities. [1]

(b) This could be due to difficulty in collecting payment from its credit customers [1] or it may have used cash to buy non-current assets with an aim to generate more income in the future. [1]

(c)

Working capital = current assets – current liabilities

= (8790+24700+280+450) [1] – (2560+15900+670) [1]

= 34 220 – 19 130

= 15 090

9I(d)

- The current ratio of Qti at 2.47 is worse than that of Ethan at 3.05. [1]
- The current ratios of both businesses are above the general benchmark of 2, indicating that both businesses have sufficient current assets to pay for their current liabilities. [1]
- The quick ratio of Qti at 1.25 is better than that of Ethan at 0.97. [1]
- The quick ratio of Qti is above the general benchmark of 1, but the quick ratio of Ethan is below the general benchmark. This indicates that Qti has sufficient quick assets to pay for their current liabilities, while Ethan does not have sufficient quick assets to pay for their current liabilities. [1]
- This could be due to Ethan's business having more of its funds tied up in inventory as it tends to stock up inventory by purchasing in bulk to get discounted price. [1]
- Overall, Qti's business is more liquid than Ethan's as it has more quick assets that can be quickly converted into cash to meet its short-term debt obligation. [1]

Q3.

(a) Any one of the following:

- Segregation of duty [1]. It means separating cash handling and cash recording duties amount different employee. [1]
- Custody of Cash [1]. It means securing cash and cheques in a locked storage to limit access of cash to authorized personnels only. [1]
- Authorization [1]. It means obtaining proper approvals for all payments from authorized personnels. [1]

(b) Any 1 of the below:

- Timing differences in recording [1] OR
  - The business has already recorded the transaction but the bank has not;
  - The business has not recorded the transaction but the bank already has
- Errors made by the business or the bank. [1]

(c)

Cash at bank (A)				
Date	Particulars	Dr (+)	Cr (-)	Balance
2022		$	$	$
May 31	Balance b/d			2 990 Dr [1]
31	Trade receivables – Rie	1 240 [1]		
31	Sales revenue		900 [1]	
31	Trade receivables - Matthew		450 [1]	
31	Interest Income	50 [1]		
Jun 1	Balance b/d			2 930 Dr [1] OF

* wrong dates: -1m for incorrect format

(d)

Joshlynn Bank reconciliation statement as at 31 May 2024		
	$	$
Balance as per bank statement		3 650 [1]
Less: Cheques not yet presented		
Utilities expense		(720) [1]
Balance as per cash at bank account		2930 [1]

Q4

(a)

Journal			
Date	Particulars	Dr (-)	Cr (+)
2021		$	$
Jun 30	Capital	1 320 [1]	
	Drawings (450+870)		1 320 [1]

(b) As the total capital contribution of $2300 [1] is more than the loss of $360 and drawings of $1320 [1], there is a <u>net increase of $620</u> [$2300 – ($360+$1320)] in owner's equity during the year ended 30 June 2021.

(c)

(i) On 1 January 2023, the business reversed and deducted the $800 interest expense incurred in the previous financial year, but only paid in the current financial year.

(ii) On 31 August 2022, the business paid interest expense of $2 400 by cheque.

(d)

Jia Ni Statement of financial position as at 31 December 2023 (extract)		
	$	$
Non-current liabilities		
Long term borrowing (40000 – 5000 – 5000)		30 000
Current liabilities		
Current portion of long-term borrowings	5 000	
Interest expense payable	700	

(e) Accrual basis of accounting theory [1]

ORCHID PARK SECONDARY SCHOOL
PRELIMINARY EXAMINATION 2024
SEC 4 EXPRESS / 5 NORMAL ACADEMIC
PRINCIPLES OF ACCOUNTS PAPER 2 (7087/02)
MARKING SCHEME

1 (a)

Calista Pte Limited			
Statement of Financial Performance for the year ended 30 June 2023			
	$	$	
Sales revenue [364 700 + 2400]	367,100		[1]
Less: Sales returns	(12,400)		[1]
Net sales revenue		354,700	
Less: Cost of sales		(185,000)	[1]
Gross profit		169,700	[1] OF
Add: Other income			
Commission income		1,600	
Less: Other expenses			
Salaries and wages	16,300		
Interest expense [5% x 80000 x 9/12]	3,000	[1]	
Insurance expense [4200 - 840]	3,360	[1]	
Rental expense	42,000		
Depreciation of motor vehicles [20% x 160000 - 16000)]	28,800	[1]	
Depreciation of office equipment (15% x 96,000)	14,400	[1]	
Impairment loss on trade receivables [(6% x 39900) - 1750]	644	[1]	
Impairment loss on inventory	1,800	[1]	
		(110,304)	
Profit for the year		60,996	

Calista Pte Limited				
Statement of Financial Position as at 30 June 2023				
	$	$	$	
	Cost	Accumulated Depreciation	Net Book Value	
Assets				
Non-Current Assets				
Motor vehicles	160,000	44,800	115,200	[1]
Office equipment	96,000	24,000	72,000	[1]
	256,000	68,800	187,200	
Current Assets				
Trade receivables	39,900			
Less: Allowance for impairment of trade receivables	(2,394)	37,506	[1]	
Inventory (13800 - 1800)		12,000	[1]	
Cash in hand		2,850		
Prepaid insurance expense		840	[1]	
			53,196	
Total assets			240,396	
Equity and Liabilities				
Shareholder's Equity				
Share capital, 50 000 Ordinary Shares		50,000	[1]	
Retained earnings [28400 + 60996 - 7500] [1]		81,896	[OF]	
			131,896	
Non-current Liabilities				
Long-term borrowings			80,000	
Current liabilities				
Interest expense payable		500	[1]	
Dividend payable [7500 + 7500]		15,000	[1]	
Trade payables		8,200		
Bank overdraft		4,800	[1]	
			28,500	
Total equity and liabilities			240,396	

2 (a)

(i) Cost of sales = \$368 000 - \$102 800

= \$265 200

Mark up on cost = 102 800 / 265 200 × 100%

= 38.76% [1]

(ii) Gross profit margin $= \frac{\text{Gross profit}}{\text{Net sales revenue}} \times 100\%$

$= \frac{\$102\,800}{368\,000} \times 100\%$

= 27.93% [1]

[2]

(iii) Profit for the year = 102 800 + 22 400 – 57 400

= \$67 800

Profit margin

$= \frac{\text{Profit for the year}}{\text{Net sales revenue}} \times 100\%$

$= \frac{\$67\,800}{\$368\,000} \times 100\%$ [1/OF]

= 18.42% [1/OF]

(iv)

Average equity = (348500 + 376250) / 2

= \$362 375

Return on equity $= \frac{\$67\,800}{\$362\,375} \times 100\%$ [1/OF]

= 18.71% [1/OF]

(b) Potential investors should invest in Chloe's business.

Chloe has a better return on equity of 20.58% compared to 18.71% for Amelia. [1]

This means that Chloe is more efficient in generating profits for her investors compared to Amelia. [1]

(c) Amelia's rate of inventory turnover of 16.42 times for 2023 is better than Chloe's 14.28 times. [1]

Amelia's days sales in inventory of 22.29 days for 2023 is better than Chloe's 25.56 days. [1]

Amelia is selling her goods at a faster rate compared to Chloe in 2023.
OR Amelia is taking a shorter amount of time in 2023 to sell her goods compared to Chloe. [1]

Hence, Amelia is more efficient in managing her inventory compared to Chloe. [1]

[4]

(e) Reducing selling price for slow-moving goods. (1)

Providing trade discounts to encourage customers to buy in bulk and regularly. (1)

Attracting more customers through marketing campaigns. (1)

Keep sufficient inventory on hand by using technological tools to improve the accuracy of predictions about customers demand in order to know when and how much inventory to buy.

Max 2

[2]

[Total: 14]

3 (a) Expenses payable refers to expenses which are incurred (services used) but not paid in the financial year. [1]

(b) Income received in advance refers to income earned (services provided) but not received in the financial year. [1]

(c) Advertising expenses

= $8 450 [1] - $1 200 [1] - $1 850 [1]sz

= $5 400

Rental income

= 9 200 [1] + $5 600 [1] + 2 800 [1]

= $17 600

(c) Matching theory [1]
Expenses incurred during the operation of a business to generate income should be matched against the revenue earned in the same accounting period in order to determine the accurate profit for that period. [1]

Accept: Accrual Basis of Accounting.

(d) (i) Profit for the year will be understated by $1 850. [1]

(ii) No effect on current liabilities. [1]

4 (a) Inventory is valued at the lower of cost and net realisable value. (1)
This is in accordance with the *Prudence Theory.* (1)

(b) Cost of sales = $5 500 [1] + $2 000 [1]

= $7 500

(c) Ending inventory @ 31 March 2024 = $115 x 50

= $5 750 [1]

(d)

Journal

Date	Particulars	Debit	Credit
2024		$	$
Apr 8	Impairment loss on inventory (600 + 150 – 400)	350 (1)	
	Inventory		350 (1)

[2]

(d) Max 1 or a decision which is supported by reasons.
Max 6 for 3 reasons (Each reason should comprise of 1 basic statement for 1 mark which is then developed for an additional 1 mark).

Decision	Ruth should buy the new type of toaster ovens from **Uni-Toast.** (1)
Reason 1	Uni-Toast is based in Singapore while Best Oven is based overseas in Japan. (1 basic statement) Having a supplier that is based in Singapore makes it easier for Reane to approach them for customer support . (1 development)
Reason 2	Uni-Toast has been in business for a longer period of 20 years as compared to only 2 years for Best Oven. (1 basic statement) Longer years in business implies that Uni-Toast may be more stable in business as it has survived and operated for more years. (1 development)
Reason 3	Uni-Toast has a local physical warehouse with a shorter delivery period of 3 days as compared to Nest Oven's delivery period of 7 days. (1 basic statement) Shorter delivery period allows Reane to purchase goods at short notice to satisfy customers' demands yet avoid the situation of shortage of goods. (1 development)
Reason 4	Uni-Toast has good reputation for being prompt in delivery and providing products of high quality based on the feedback from customers. (1 basic statement) Uni-Toast has proven to be reliable in the past transactions where delivery has been prompt and the products sold are of high quality. (1 development)